

DEPARTMENT OF STATE
OPERATIONS CENTER

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POLAND WORKING GROUP

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Situation Report No. 10

Situation in Poland as of 1200 EST December 16, 1981

A massive show of force by Polish military units is underway in Warsaw. Embassy observation of several 35/40 vehicle columns (armored personnel carriers, water cannons) in the streets of Warsaw suggests that the Government is putting much effort into preventing or attenuating the demonstration announced for December 17th in Warsaw's Victory Square. The source of the demonstration call is unclear and the Embassy reports that Solidarity leaders still free are against the demonstration because they are concerned about the presence of students and others no longer controlled by the union.

The government seems, as of the end of the day in Warsaw, to have the situation under control. The occupation inside Warsaw's major steel mill has been ended although Embassy cannot confirm that Wednesday was a normal work day. Fragmentary reporting from Krakow indicates that the sit-ins and strikes at the steel mills in Krakow and Katowice have also been broken. Some Solidarity leaders in Warsaw have already begun discouraging further strikes and advising union members not to resist if strikes are broken up.

Solidarity chairman Lech Walesa is said to be in Konstancin, south of Warsaw, and is as far as we know in complete isolation from his union.

(LDX) Amid continuing reports of unusual air activity in the Warsaw area -- night takeoffs and landings of large aircraft -- Embassy has been unable to confirm or deny the presence of Soviet aircraft at Warsaw's principal airports. The military situation remains basically unchanged with the Embassy noting travelers' reports of heavy tank concentrations west of Warsaw. For the time being, Defense Attaches at Warsaw continue to believe that there are two full mechanized Polish divisions (around 20,000 men) plus major elements of two other divisions around Warsaw. The food situation continues to be critical with Embassy surveys of Warsaw markets suggesting that there is very little produce available. Embassy officers have observed some Warsaw residents entering police stations with firearms, apparently in compliance with martial law regulations requiring them to turn in hunting weapons.

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Warsaw newspapers Trybuna Ludu and Zolnierz Wolnosci were published today in apparently semi-normal form, including sports pages. Front pages dominated with dubious articles on how well certain factories are working. Press also contained reports on the "internment" of thirty-two former senior Party and Government officials. Kurier Polski has reportedly been closed until at least 15 January.

The city of Gdansk continues, according to Western travelers, to be troublesome for the government. Some 2000 workers are said to be on strike in the shipyards where Solidarity got its start in August 1980. Although nearly two-thirds of them were removed by police and army units on Monday, they were apparently not arrested and have now re-entered the shipyards and are occupying them.

22 U.S. commercial banks have received a telex message from the Polish Bank Handlowy branch in London requesting a \$350 million loan to pay interest arrears. Banks rejected the Polish request and are reportedly irritated by this "negotiating ploy". Some banks received funds last week from the Poles, but the process was interrupted by weekend events.



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